

## Message Text

UNCLASSIFIED

PAGE 01 STATE 068544

60

ORIGIN XMB-07

INFO OCT-01 NEA-10 ISO-00 EB-11 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 /087 R

DRAFTED BY XMB:WWGLICK:CEK

APPROVED BY NEA/EGY - MR STERNER

EB/IFD/ODF - E M LINTON

----- 090978

P 042314Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO PRIORITY

UNCLAS STATE 068544

E.O. 11652: N/A

TAGS: EFIN, EG

SUBJECT: EXIMBANK FINANCING SUMED PIPELINE COMPANY

1. APPROXIMATELY 10 DAYS AGO EXIM RECEIVED TELEX FROM KROUSH ASKING WHETHER BANK WOULD BE WILLING RECONSIDER MAKING LOAN TO EGPC. IN REPLY FOLLOWING TELEX SENT APRIL 4 TO KROUSH:

QUOTE THIS IS IN REPLY TO YOUR TELEX ABOUT THE POSSIBILITY OF EXIMBANK MAKING A LOAN TO EGPC FOR THE SUMED PIPELINE. AS AN ALTERNATIVE TO OUR PROPOSAL SET FORTH IN OUR LETTER OF JANUARY 10, 1974, WE WOULD CONSIDER MAKING THE LOAN TO EGPC ON THE FOLLOWING TWO BASIC CONDITIONS. FIRST, EGYPT'S SHARE OF THE PROCEEDS OF THE OIL SHIPMENTS THROUGH THE PIPELINE WOULD BE PAID OVER BY THE SUMED PIPELINE COMPANY TO A FINANCIAL INSTITUTION TRUSTEE FOR THE PAYMENT OF THE EXIMBANK LOAN AND SECOND, THE SUMED PIPELINE COMPANY WOULD UNCONDITIONALLY GUARANTEE PAYMENT OF EXIMBANK LOAN IF EGYPT'S SHARE OF PROCEEDS IS INSUFFICIENT TO PAY EXIMBANK LOAN. ONE OTHER POINT THAT MUST BE UNDERSTOOD IS THAT THE EXPORT-IMPORT BANK HAS NO LEGAL AUTHORITY TO PAY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 068544

OVER THE PROCEEDS OF THE LOAN TO EGPC FOR PURCHASE OF STOCK

IN THE SUMED PIPELINE COMPANY. EXIMBANK FINANCING IS AVAILABLE ONLY FOR US EQUIPMENT AND SERVICES. THEREFORE, A PROCEDURE WOULD HAVE TO BE WORKED OUT WHEREBY EITHER EGPC WOULD PURCHASE THE US ITEMS FINANCED BY EXIMBANK AND

IMMEDIATELY TRANSFER TITLE TO SUMED OR IF SUMED IS THE PURCHASER, DISBURSEMENTS BY EXIMBANK WOULD BE CHARGED AS INDEBTEDNESS OF EGPC. IT FOLLOWS THAT IF THE US EQUIPMENT AND SERVICE PURCHASES ARE LESS THAN THE AMOUNT NEEDED BY EGPC TO MAKE ITS PURCHASE OF EQUITY THE EXPORT-IMPORT BANK LOAN WOULD HAVE TO BE SUPPLEMENTED BY FUNDS FROM OTHER SOURCES. UNQUOTE.

2. IN ANY DISCUSSION YOU HAVE WITH KROUSH OR OTHERS CONCERNING THIS PROPOSAL POINT OUT EGYPT HAS GROUNDS FOR OBTAINING PIPELINE COMPANY GUARANTEE OF EXIMBANK FINANCING IN CONSIDERATION FOR EGYPT'S GRANTING RIGHT-OF-WAY TO COMPANY AND OBTAINING EXIMBANK'S FINANCING FOR BENEFIT OF COMPANY. RUSH

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LOANS, PETROLEUM PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE068544  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WWGLICK:CEK  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740076-0562  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740466/aaaacivz.tel  
**Line Count:** 80  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN XMB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 MAY 2002 by bryansd0>; APPROVED <17 DEC 2002 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EXIMBANK FINANCING SUMED PIPELINE COMPANY  
**TAGS:** EFIN, EG, SUMED, XMB  
**To:** CAIRO  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005